



*United States Attorney
Southern District of New York*

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**FEDERAL JUDGE SENTENCES FORMER
INVESTMENT ADVISER TO OVER 12 YEARS IN PRISON**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that ALAN BRIAN BOND, the former President and Chief Executive Officer of Manhattan-based investment advisory firms Albriond Capital Management, LLC ("Albriond") and Bond, Procope Capital Management ("Bond Procope-"), was sentenced today in Manhattan federal court to 12 years and 7 months in prison.

United States District Judge LEONARD B. SAND sentenced BOND following his conviction of participating in two separate schemes: (1) a kickback and bribery scheme that he engaged in from 1993 through 1998; and (2) a "cherry picking" scheme that he committed in 2000 and 2001, while on bail awaiting trial of the first charges filed against him. BOND was convicted of the "cherry picking" charges at a jury trial held in May and June 2002. He later pled guilty to charges relating to the kickback and bribery scheme.

The Kickback And Bribery Scheme

BOND was originally indicted in 1999 on conspiracy, investment advisory fraud, and tax fraud offenses in connection with a scheme in which he allegedly received more than \$6 million in kickbacks of brokerage commissions that he caused Bond Procope clients to pay other brokerage firms. According to the Indictment and BOND's statements in connection with his guilty plea, between the middle of 1996 and late 1998, BOND used his discretionary control of his clients' accounts to direct many millions of dollars of the clients' brokerage business to the securities brokerage firms of Lintz Glover White & Co. ("Lintz Glover") and Value Investing Partners Inc. ("VIP"). ROBERT I. SPRUILL, a co-conspirator who was employed as a broker at those firms, then caused a substantial portion of those commission revenues to be unlawfully transferred to BOND. These kickbacks were allegedly made through payments to credit cards and bank accounts of BOND and were principally used to support BOND's lifestyle, including refurbishing his homes, purchasing vacation homes and condominiums, and purchasing dozens of automobiles.

According to the Indictment and BOND's statements at his guilty plea, between late 1993 and the middle of 1996, BOND misappropriated hundreds of thousands of dollars of "soft dollar" credits belonging to Bond Procope's clients. "Soft dollar" credits are partial rebates of commissions paid to securities brokers for executing purchases and sales of securities. Under

the law, investment advisers may use "soft dollar" credits generated from trades on behalf of their clients for the purchase of research information and services benefitting their clients. BOND allegedly diverted these credits to his own use by submitting his own credit card bills and other personal and business expenses to Brenner Securities, a now-defunct securities brokerage firm, and instructing Brenner to pay these expenses with the "soft dollar" credits paid for by Bond Procope's clients.

In October 2002, BOND pled guilty to one count of conspiracy, four counts of investment advisory fraud, and five counts of filing false tax returns that failed to report the kickback payments as income. The victims of the fraud charges include the National Basketball Association Players' Pension Plan ("NBA") and retirement funds of the Washington Metropolitan Area Transit Authority, Southeastern Pennsylvania Transportation Authority, and Ohio Police and Firemen's Disability Pension Board.

SPRUILL previously pled guilty to conspiracy and commercial bribery for his participation in the kickback scheme. He is awaiting sentencing.

The "Cherry Picking Scheme"

In August 2001, BOND faced charges arising from his

participation in an unlawful "cherry picking" scheme, in which he directed virtually all of his profitable securities trades to his own personal brokerage account, while directing virtually all of his unprofitable securities trades to accounts he managed on behalf of three pension funds that were clients of Albriond. In June 2002, BOND was convicted at a jury trial on investment advisory and mail fraud charges arising from that scheme.

According to the evidence at trial, from March 2000 through July 2001, BOND actively traded in securities for his own personal brokerage account, and for the accounts that he managed for Albriond's investor-clients. BOND typically waited until late in the trading day, or until after the securities markets closed, before advising his broker-dealer as to which of the accounts under his control particular trades should be directed. Consequently, prior to making his trade allocation decisions, BOND was able to determine whether his trades were profitable or unprofitable, on an intra-day basis. In breach of his fiduciary obligations to his clients, BOND directed that over 93% of his profitable trades be credited to his own personal account, while directing less than 7% of his profitable trades to his clients' accounts. Meanwhile, BOND directed only a small proportion of his unprofitable trades to his own account, while directing the vast majority of his unprofitable trades to his clients' accounts.

In addition, the evidence established that, on numerous occasions, BOND engaged in after-the-fact, re-allocations of trades, when ensuing market movements turned apparently unprofitable trades into profitable trades. In those instances, BOND directed his broker-dealer to cancel trades previously booked in client accounts, and re-allocate those trades -- and the corresponding profits -- to his own personal account.

According to the evidence, BOND's trade allocation practices resulted in dramatic disparities in the investment performance of his personal account, as compared to that of his clients' accounts. Over the 16-month period of the charged scheme, BOND's brokerage account -- which began with assets of \$263,360 -- increased by more than \$6.5 million, representing a gain of more than 5,000 percent, as calculated in accordance with brokerage industry standards. During this same period, the three Albriond client accounts lost a total of more than \$56 million in value, representing losses of between 64 percent and 73 percent in each account.

The victims of BOND's scheme were: (1) Birmingham Amalgamated Transit Authority Local 725 ("Birmingham"), a union pension fund, the principal beneficiaries of which were transit workers employed by the City of Birmingham, Alabama; (2) Old Dominion Transit Employees Disability & Retirement Allowance Plan

("Old Dominion"), a municipal retirement plan, the principal beneficiaries of which were transit workers employed by the City of Richmond, Virginia; and (3) the Chapman Domestic Emerging Markets - Minority Equity Trust (the "Chapman DEM-MET"), a unit trust which Chapman Capital Management, Inc., managed through sub-advisory arrangements with various investment advisers, including Albriond.

Following the jury's verdict, Judge SAND revoked BOND's bail, and BOND has been detained since.

The Sentence

Judge SAND today sentenced BOND on the charges arising from both the kickback and bribery scheme and the "cherry picking" scheme. In addition to the 12 years and seven months in prison, Judge SAND imposed a fine of \$35,000. Judge SAND also directed BOND to pay approximately \$6.5 million in restitution to the victims of the "cherry picking" scheme and indicated his intent to order restitution to the victims of the kickback and bribery scheme by May 7, 2003.

In imposing sentence, Judge SAND found that BOND had perjured himself at his jury trial, describing BOND's testimony as "a deliberate effort on Mr. BOND's part to give false testimony," which testimony he observed to have had "a dramatic impact on the jury, which led to their prompt conviction" of

BOND. Judge SAND described BOND's conduct as "horrendous," and also stated that BOND, "motivated by greed and ego, engaged in a very significant course of conduct inflicting injury . . . on those who continued to have confidence in him."

BOND, 40, previously resided in Upper Montclair, New Jersey.

Mr. COMEY praised the efforts of the Federal Bureau of Investigation and the Criminal Investigation Division of the Internal Revenue Service, which jointly conducted the investigation of this case. Mr. COMEY also thanked the United States Securities and Exchange Commission for their assistance in the case.

Assistant United States Attorneys STEVEN R. PEIKIN and MARC L. MUKASEY, and Special Assistant United States Attorney GEORGE CANELLOS, are in charge of the prosecution.

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